

WATER RESOURCES FUND

David Hanks, Director

MISSION: The Water Resources Department will be the innovative leader in the water industry. Using the concept of continuous improvement, we accept the challenge of providing our regional customers with water to enhance their quality of life; being stewards over the most vital of all natural resources; and empowering our employees to meet our customer needs by providing the finest drinking water in the United States in an efficient and cost effective manner.

DEPARTMENT SUMMARY

	2002-03	2003-04	2004-05	2005-06
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	3,214,251	3,442,515	3,881,455	4,012,458
Fringe Benefits	1,285,967	1,454,369	1,396,670	1,438,326
Operating Costs	8,642,889	8,790,749	9,262,394	8,872,432
Debt Service	5,850,367	5,868,254	5,635,088	5,305,552
Capital Outlay	<u>2,506,057</u>	<u>2,600,576</u>	<u>2,471,113</u>	<u>3,408,022</u>
Total	21,499,531	22,156,463	22,646,720	23,036,790
FTE Positions	107.00	112.00	112.00	114.00
Revenues:				
Charges For Service	22,598,251	22,631,874	22,517,000	22,901,000
Investment Earnings	128,615	106,291	75,000	75,000
Miscellaneous	<u>44,377</u>	<u>206,465</u>	<u>54,720</u>	<u>60,790</u>
Total	22,771,243	22,944,630	22,646,720	23,036,790

BUDGET HIGHLIGHTS

- The FY 2005-06 budget maintains current water rates, and it is assumed that there will be no growth in demand. Operating expenses will be reduced or held constant wherever possible. Water's overall operating budget shows an increase of 1.7% in FY 2005-06.
- There is an increase in salaries and fringe benefits as a result of annual merit increases, the need to fill all budgeted positions, and the addition of two Tradesworker positions to implement a watershed protection and maintenance program.
- Operating Costs are decreasing by 5.8% due in part to the elimination of separate legal and professional fees for the Water Authority and the payment in lieu of taxes to Buncombe County.
- The Capital Outlay category totaling \$3,408,022 includes funding for mandatory capital improvement projects, an aggressive meter change-out program, rolling stock, and small capital equipment.
- The debt service for FY 2005-06 is 23% of the total budget. This includes debt service for the 1992 General Obligation Bonds, the 1996 NC Water Quality Loan, Series 1996 Revenue Bonds, and Series 2001 Revenue Bonds.

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DIVISION SUMMARY	2002-03 Actual	2003-04 Actual	2004-05 Budget	2005-06 Adopted
<u>Administration</u>	389,406	433,919	595,149	607,578
FTE Positions	6.00	6.00	8.00	8.00
The Administration Division provides planning and management services for the operating divisions.				
<u>Meter Services</u>	385,745	412,377	1,083,466	1,126,932
FTE Positions	9.00	9.00	15.00	15.00
The Meter Reading Division is responsible for timely and accurate meter reading services and maintenance and replacement of meters.				
<u>Water Education</u>	75,292	85,126	68,885	70,721
FTE Positions	2.00	1.00	1.00	1.00
The Water Education Division promotes customer education and directs and coordinates programs to make more efficient use of our existing water supplies. Water education programs are conducted for all members of the community with a special emphasis on school children.				
<u>Construction Crew</u>	655,220	477,990	512,888	626,383
FTE Positions	8.00	10.00	7.00	7.00
The Construction Crew Division is responsible for performing small water distribution system improvement projects.				
<u>Water Maintenance</u>	3,950,258	4,083,312	3,912,659	3,990,427
FTE Positions	57.00	57.00	52.00	52.00
The Water Maintenance Division is responsible for maintaining and upgrading approximately 1,500 miles of distribution mains, service lines, valves, meters, fire hydrants, pumps, and storage reservoirs throughout the water system.				
<u>Water Production</u>	2,703,484	2,929,581	3,051,605	3,157,846
FTE Positions	25.00	29.00	29.00	31.00
The Water Production and Quality Control Division is responsible for operating and maintaining the North Fork, Mills River, and Bee Tree Water Treatment Plants as well as protecting and managing a 20,000-acre watershed.				
<u>Regional Water Authority</u>	14,446	19,954	25,535	0
The Water Authority activity provides funding for the salaries and operating expenses (including legal services) of the Chairman and other members of the Regional Water Authority of Asheville, Buncombe and Henderson.				

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DIVISION SUMMARY	2002-03 Actual	2003-04 Actual	2004-05 Budget	2005-06 Adopted
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<u>Department-Wide Expenses</u>	13,191,481	13,180,013	13,006,533	12,794,203
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Costs of this activity are not allocable to individual divisions or activities. Examples include debt service, transfer to capital, City and County payments in lieu of taxes, bad debt expense, insurance, and cost allocation (administrative costs to the City) expenses.

<u>Water Operating Equipment</u>	134,199	534,191	390,000	662,700
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There is a five-year replacement plan in place to ensure that capital equipment is replaced in a timely and cost effective manner. This plan is based on a comprehensive evaluation of all capital equipment, including rolling stock.

DEPARTMENTAL GOALS

- Continue efforts to reduce unaccounted-for water through improved mapping, metering, and leak detection and repair.
- Ensure the highest quality drinking water to our customers at the lowest possible cost.
- Enhance the image of the City of Asheville and the Regional Water Authority through customer education programs and improved customer relations.
- Continuously improve our product, systems and processes to maximize customer satisfaction.
- Provide timely and professional engineering, management, financial, safety, and administrative services to the operating divisions of the Water Resources Department.
- Deliver excellent customer service, meter reading, meter reliability, and backflow assessment to our customers.
- Provide efficient and timely maintenance and repair of water mains, service lines, valves, and fire hydrants throughout the water system.
- Provide and implement a capital improvement program which satisfies all legal mandates and continues to improve water distribution system master planning and rehabilitation of critical needs through effective strategic planning, engineering, and effective project management.

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KEY PERFORMANCE OBJECTIVES & MEASURES

	<i>2003/04 Actual</i>	<i>2004/05 Estimate</i>	<i>2005/06 Target</i>
• <i>Reduce the unaccounted-for water rate for the water system to less than 25% by 2010</i>	30%	29%	28%
• <i>Increase the percentage of service lines renewed (vs repaired) in order to reduce leakage and improve service to customers</i>	56%	50%	50%
• <i>Implement Asset Management Program to refurbish and replace aging infrastructure, upgrade water distribution system to meet future regulation, and improve service to customers</i>	\$1,598,610	\$1,705,507	\$2,258,320
• <i>Water Quality Regulations will be met 100% of the time and reported to customers annually</i>	100%	100%	100%
• <i>Continue to provide education programs promoting water efficiency to students, teachers, and citizens</i>	6000	6000	6000
• <i>Percentage of work orders responded to within 10 days</i>	100%	100%	100%
• <i>Water treatment expenditures per million gallons of water treated</i>	\$295	\$320	\$329
• <i>Total water treatment expenditures per customer account</i>	\$49	\$54	\$56
• <i>Total operating expenditures per customer account</i>	\$311	\$317	\$315